

TOWNSHIP OF LAWRENCE

Report on Audit of Financial Statements  
For the Year Ended  
March 31, 2008

# Auditing Procedures Report

Instructions and MuniCodes

=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

|                           |                   |                              |             |                       |          |             |          |
|---------------------------|-------------------|------------------------------|-------------|-----------------------|----------|-------------|----------|
| Unit Name                 | Lawrence Township | County                       | VAN BUREN   | Type                  | TOWNSHIP | MuniCode    | 08-0-013 |
| Opinion Date-Use Calendar | Aug 19, 2008      | Audit Submitted-Use Calendar | Nov 7, 2008 | Fiscal Year End Month | 03       | Fiscal Year | 2008     |

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

|                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Were the local unit's actual expenditures within the amounts authorized in the budget?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Did the local unit adopt a budget for all required funds?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Was a public hearing on the budget held in accordance with State statute?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?   |
| <input type="checkbox"/>            | <input type="checkbox"/> | 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. Is the local unit free of repeated reported deficiencies from previous years?  |
| <input type="checkbox"/>            | <input type="checkbox"/> | 13. Is the audit opinion unqualified?  |
|                                     |                          | 14. If not, what type of opinion is it? NA   |
| <input type="checkbox"/>            | <input type="checkbox"/> | 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?  |
| <input type="checkbox"/>            | <input type="checkbox"/> | 18. Are there reported deficiencies?   |
|                                     | <input type="checkbox"/> | 19. If so, was it attached to the audit report?  |

|                            |                          |               |
|----------------------------|--------------------------|---------------|
| General Fund Revenue:      | <input type="checkbox"/> | \$ 308,872.00 |
| General Fund Expenditure:  | <input type="checkbox"/> | \$ 341,630.00 |
| Major Fund Deficit Amount: |                          | \$ 0.00       |

|  |                          |               |
|--|--------------------------|---------------|
| General Fund Balance:                                      | <input type="checkbox"/> | \$ 172,411.00 |
| Governmental Activities Long-Term Debt (see instructions): | <input type="checkbox"/> |               |

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

|                    |                          |                       |                          |                          |          |            |            |                   |
|--------------------|--------------------------|-----------------------|--------------------------|--------------------------|----------|------------|------------|-------------------|
| CPA (First Name)   | William                  | Last Name             | Cutting                  | Ten Digit License Number |          |            | 1101001938 |                   |
| CPA Street Address | 303 Paw Paw St., Suite 4 | City                  | Paw Paw                  | State MI                 | Zip Code | 49079      | Telephone  | +1 (269) 657-4720 |
| CPA Firm Name      | Cutting & Cutting, P.C.  | Unit's Street Address | 303 Paw Paw St., Suite 4 | Unit's City              | Paw Paw  | Unit's Zip | 49079      |                   |

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PAW PAW, MICHIGAN 49079-1434

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TELEPHONE  
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August 19, 2008

Lawrence Township Board  
Lawrence, Michigan 49064

We have audited the accompanying general purpose financial statements of Township of Lawrence as of March 31, 2008, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Township of Lawrence management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Township of Lawrence, as of March 31, 2008, or the changes in its financial position for the year then ended.

*Cutting & Cutting, P.C.*

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
TOWNSHIP OF LAWRENCE  
March 31, 2008

|   | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Capital<br/>Project</u> | <u>Trust &amp;<br/>Agency</u> | <u>Account<br/>Group<br/>General<br/>Long-Term<br/>Debt</u> | <u>Total<br/>(Memorandum<br/>Only)</u> |
|---|-------------------|----------------------------|----------------------------|-------------------------------|---|--|
| <b>Assets</b>   |                   |                            |                            |                               |   |  |
| Cash and equivalents                                      | \$ 133,892        | \$ 752,941                 | \$ 13,707                  | \$ 32,114                     |   | \$ 932,654                             |
| Taxes receivable  | 7,880             | 47,855                     | 3,859                      |                               |   | 59,594                                 |
| Other receivables   | 38,196            |                            |                            |                               |   | 38,196                                 |
| Amount to be provided for<br>retirement of long-term debt |                   |                            |                            |                               | \$ 244,170  | 244,170                                |
|   | <u>\$ 179,968</u> | <u>\$ 800,796</u>          | <u>\$ 17,566</u>           | <u>\$ 32,114</u>              | <u>\$ 244,170</u>   | <u>\$ 1,274,614</u>                    |
| <b>Liabilities and Fund Balance</b>                       |                   |                            |                            |                               |   |  |
| Accounts payable  | \$ 4,023          | \$ 7,705                   |                            | \$ 1,036                      |   | \$ 12,764                              |
| Notes payable   |                   |                            |                            |                               | \$ 244,170  | 244,170                                |
| Accrued interest payable                                  | 3,534             | 4,838                      |                            |                               |   | 8,372                                  |
| Undistributed taxes and interest                          |                   |                            |                            | <u>14,033</u>                 |   | <u>14,033</u>                          |
| Total liabilities   | <u>7,557</u>      | <u>12,543</u>              |                            | <u>15,069</u>                 | <u>244,170</u>  | <u>279,339</u>                         |
| Expendable fund balance                                   | 172,411           | 788,253                    | \$ 17,566                  | 15,685                        |   | 993,915                                |
| Non-expendable fund balance                               |                   |                            |                            | <u>1,360</u>                  |   | <u>1,360</u>                           |
| Total fund balance  | <u>172,411</u>    | <u>788,253</u>             | <u>17,566</u>              | <u>17,045</u>                 |   | <u>995,275</u>                         |
|   | <u>\$ 179,968</u> | <u>\$ 800,796</u>          | <u>\$ 17,566</u>           | <u>\$ 32,114</u>              | <u>\$ 244,170</u>   | <u>\$ 1,274,614</u>                    |

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN EXPENDABLE FUND BALANCES  
TOWNSHIP OF LAWRENCE  
Year ended March 31, 2008

|   | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Capital<br/>Project</u> | Total<br>(Memorandum<br>Only) |
|---|-------------------|----------------------------|----------------------------|-------------------------------|
| Revenues                                |                   |                            |                            |                               |
| Taxes                                   | \$ 99,831         | \$ 414,264                 | \$ 33,293                  | \$ 547,388                    |
| Licenses and permits                    | 5,600             |                            |                            | 5,600                         |
| Intergovernmental                       | 164,718           |                            |                            | 164,718                       |
| Grants from local units                 |                   | 32,000                     |                            | 32,000                        |
| Charges for services                    | 15,475            |                            |                            | 15,475                        |
| Miscellaneous                           | <u>23,248</u>     | <u>56,596</u>              | <u>910</u>                 | <u>80,754</u>                 |
|   | 308,872           | 502,860                    | 34,203                     | 845,935                       |
| Expenditures                            |                   |                            |                            |                               |
| General government                      | 326,066           |                            |                            | 326,066                       |
| Public safety                           |                   | 249,497                    |                            | 249,497                       |
| Public works                            |                   | 109,583                    |                            | 109,583                       |
| Community development                   | 15,564            |                            |                            | 15,564                        |
| Debt service                            |                   |                            | <u>29,770</u>              | <u>29,770</u>                 |
|   | <u>341,630</u>    | <u>359,080</u>             | <u>29,770</u>              | <u>730,480</u>                |
| Excess of revenues<br>over expenditures | (32,758)          | 143,780                    | 4,433                      | 115,455                       |
| Beginning fund balance                  | <u>205,169</u>    | <u>644,473</u>             | <u>13,133</u>              | <u>862,775</u>                |
| Ending fund balance                     | \$ <u>172,411</u> | \$ <u>788,253</u>          | \$ <u>17,566</u>           | \$ <u>978,230</u>             |

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS  
TOWNSHIP OF LAWRENCE  
Year ended March 31, 2008

|                                      | <u>General Fund</u>   |                   |   | <u>Special Revenue Funds</u> |                   |   |
|--------------------------------------|-----------------------|-------------------|---|------------------------------|-------------------|---|
|                                      | <u>Amended Budget</u> | <u>Actual</u>     | <u>Variance Favorable (Unfavorable)</u> | <u>Amended Budget</u>        | <u>Actual</u>     | <u>Variance Favorable (Unfavorable)</u> |
| Revenues                             |                       |                   |   |                              |                   |   |
| Taxes                                | \$ 89,400             | \$ 99,831         | \$ 10,431                               |                              | \$ 414,264        |   |
| Licenses and permits                 | 2,200                 | 5,600             | 3,400                                   |                              |                   |   |
| Intergovernmental                    | 135,000               | 164,718           | 29,718                                  |                              |                   |   |
| Grants from Local Units              |                       |                   |   |                              | 32,000            |   |
| Charges for services                 | 10,000                | 15,475            | 5,475                                   |                              |                   |   |
| Miscellaneous                        | <u>15,350</u>         | <u>23,248</u>     | <u>7,898</u>                            |                              | <u>56,596</u>     |   |
|                                      | 251,950               | 308,872           | 56,922                                  | \$ 444,612                   | 502,860           | \$ 58,248                               |
| Expenditures                         |                       |                   |   |                              |                   |   |
| General government                   | 348,670               | 326,066           | 22,604                                  |                              |                   |   |
| Public safety                        |                       |                   |   |                              | 249,497           |   |
| Public works                         |                       |                   |   |                              | 109,583           |   |
| Community development                | <u>17,120</u>         | <u>15,564</u>     | <u>1,556</u>                            |                              | <u>359,080</u>    | <u>103,632</u>                          |
|                                      | <u>365,790</u>        | <u>341,630</u>    | <u>24,160</u>                           | <u>462,712</u>               |                   |   |
| Excess of revenues over expenditures | \$ <u>(113,840)</u>   | (32,758)          | \$ <u>81,082</u>                        | \$ <u>(18,100)</u>           | 143,780           | \$ <u>161,880</u>                       |
| Beginning fund balance               |                       | <u>205,169</u>    |   |                              | <u>644,473</u>    |   |
| Ending fund balance                  |                       | \$ <u>172,411</u> |   |                              | \$ <u>788,253</u> |   |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS  
TOWNSHIP OF LAWRENCE  
March 31, 2008

Township of Lawrence is a general law township in Van Buren County, Michigan. It has a population of approximately 3,341.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared using the modified accrual basis of accounting.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township include the accounts of all Township operations. The Township's major operations include fire protection, ambulance service, planning and zoning, road maintenance, cemetery, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds

These funds are used to account for revenues and expenditures relating to specific construction projects.



#### FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

#### D. Budgets and Budgetary Accounting

The Township prepares a budget for settlement day in March and a budget hearing is held at the annual meeting. The budget is adopted at the April meeting for that fiscal year. The budget is amended by the Township Board.

The Township exceeded the appropriated amount in various activities as shown on page 13.

#### E. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this information.

### 2. Property Tax

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on December 1. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected.

The Township is allocated one mill of the fixed allocation of the constitutional 15 mills. This year the Township levied .6889 mills for general operating, 3.55 mills for emergency services, .35 mills for library and 1.0000 mills for roads. In the summer, the Township also collects the State Education Tax.

### 3. Cash and Investments

State statutes authorize the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township's deposits and investments are in accordance with statutory authority.

| <u>Deposits</u> | <u>Bank<br/>Carrying Amount</u> | <u>GASB Category<br/>of Risk</u> |
|-----------------|---------------------------------|----------------------------------|
| Insured (FDIC)  | \$ 171,548                      | (1)                              |
| Uninsured       | 781,856                         | (3)                              |

All of the above are in checking, money market savings accounts or certificates of deposit and are carried at a book balance of \$932,654.

GASB Categories of Risk

- (1) Insured or registered
- (3) Uninsured and unregistered

4. Risk Management

In lieu of purchasing commercial insurance for the risk of losses to which is it exposed, the Township Board has chosen to participate in the Michigan Municipal Liability and Property Pool (MMLPP).

The MMLPP complies with Act 294, P.A. 1972.

MMLPP services all claims for risk of loss to which the Township is exposed, including those risks selected in the declaration sheet and specifically described in the coverage forms and endorsement schedules attached to and made part of this plan.

Under this participation contract the MMLPP provides coverage for up to a maximum of \$2,000,000 for general liability coverage, \$2,000,000 for errors and omissions, \$5,000 for crime and \$1,467,788 for inland marine/limits and \$2,611,591 for buildings and contents.

5. The installment purchase agreements are as follows:

Installment Purchase Agreement - Fire Station

|              | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|--------------|-------------------|------------------|-------------------|
| July 1, 2008 | \$ 60,000         | \$ 10,713        | \$ 70,713         |
| July 1, 2009 | 60,000            | 7,142            | 67,142            |
| July 1, 2010 | <u>60,000</u>     | <u>3,571</u>     | <u>63,571</u>     |
|              | \$ <u>180,000</u> | \$ <u>21,426</u> | \$ <u>201,426</u> |

During 2006 the Township borrowed \$70,000 to purchase land to expand the cemetery. The repayment schedule is as follows:

|              | <u>Principal</u> | <u>Interest</u>  | <u>Total</u>     |
|--------------|------------------|------------------|------------------|
| June 9, 2008 | \$ 6,064         | \$ 2,566         | \$ 8,630         |
| June 9, 2009 | 6,306            | 2,324            | 8,630            |
| June 9, 2010 | 6,559            | 2,071            | 8,630            |
| June 9, 2011 | 6,820            | 1,810            | 8,630            |
| June 9, 2012 | 7,094            | 1,536            | 8,630            |
| June 9, 2013 | 7,377            | 1,253            | 8,630            |
| June 9, 2014 | 7,672            | 958              | 8,630            |
| June 9, 2015 | 7,979            | 651              | 8,630            |
| June 9, 2016 | <u>8,299</u>     | <u>331</u>       | <u>8,630</u>     |
|              | \$ <u>64,170</u> | \$ <u>13,500</u> | \$ <u>77,670</u> |

6. Construction Activity

During the year 2004, the Township began levying taxes to pay for the construction of a new library facility. This Capital Project is reflected in the Library Construction Fund. The indebtedness was paid in full during this year.

7. Long-term Debt

|                                  |                   |
|----------------------------------|-------------------|
| Long-term debt at March 31, 2007 | \$ 338,483        |
| Payments                         | <u>94,313</u>     |
| Balance March 31, 2008           | \$ <u>224,170</u> |

8. This year the Township combined the Fire Fund and the Quick Response Fund into a new fund known as the Emergency Services Fund.

COMBINING BALANCE SHEET-SPECIAL REVENUE FUNDS  
TOWNSHIP OF LAWRENCE  
March 31, 2008

|                                     | <u>Road</u>       | <u>Emergency<br/>Services</u> | <u>Building<br/>Department</u> | <u>Housing<br/>Rehabilitation</u> | <u>Total</u>      |
|-------------------------------------|-------------------|-------------------------------|--------------------------------|-----------------------------------|-------------------|
| <b>Assets</b>                       |                   |                               |                                |                                   |                   |
| Cash and equivalents                | \$ 113,584        | \$ 615,318                    | \$ 6,424                       | \$ 17,615                         | \$ 752,941        |
| Taxes receivable                    | <u>9,570</u>      | <u>38,285</u>                 | <u>      </u>                  | <u>      </u>                     | <u>47,855</u>     |
|                                     | \$ <u>123,154</u> | \$ <u>653,603</u>             | \$ <u>6,424</u>                | \$ <u>17,615</u>                  | \$ <u>800,796</u> |
| <b>Liabilities and Fund Balance</b> |                   |                               |                                |                                   |                   |
| Accounts payable                    |                   | \$ 6,693                      | \$ 1,012                       |                                   | \$ 7,705          |
| Accrued interest payable            |                   | <u>4,838</u>                  | <u>      </u>                  |                                   | <u>4,838</u>      |
| Total liabilities                   |                   | 11,531                        | 1,012                          |                                   | 12,543            |
| Fund balance                        | \$ <u>123,154</u> | <u>642,072</u>                | <u>5,412</u>                   | \$ <u>17,615</u>                  | <u>788,253</u>    |
|                                     | \$ <u>123,154</u> | \$ <u>653,603</u>             | \$ <u>6,424</u>                | \$ <u>17,615</u>                  | \$ <u>800,796</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-SPECIAL REVENUE FUNDS  
Year ended March 31, 2008

|                                      | <u>Road</u>       | <u>Emergency<br/>Services</u> | <u>Building<br/>Department</u> | <u>Housing<br/>Rehabilitation</u> | <u>Total</u>      |
|--------------------------------------|-------------------|-------------------------------|--------------------------------|-----------------------------------|-------------------|
| <b>Revenues</b>                      |                   |                               |                                |                                   |                   |
| Property taxes                       | \$ 91,970         | \$ 322,294                    |                                |                                   | \$ 414,264        |
| Interest                             | 3,520             | 17,632                        |                                | \$ 708                            | 21,860            |
| Reimbursement - Township             |                   | 32,000                        |                                |                                   | 32,000            |
| Other                                | <u>      </u>     | <u>13,665</u>                 | \$ <u>21,071</u>               | <u>      </u>                     | <u>34,736</u>     |
|                                      | 95,490            | 385,591                       | 21,071                         | 708                               | 502,860           |
| <b>Expenditures</b>                  |                   |                               |                                |                                   |                   |
| Operation                            | 109,583           | 129,042                       | 20,092                         |                                   | 258,717           |
| Capital outlay                       | <u>      </u>     | <u>100,363</u>                | <u>      </u>                  |                                   | <u>100,363</u>    |
|                                      | <u>109,583</u>    | <u>229,405</u>                | <u>20,092</u>                  | <u>      </u>                     | <u>359,080</u>    |
| Excess of revenues over expenditures | (14,093)          | 156,186                       | 979                            | 708                               | 143,780           |
| Beginning fund balance               | <u>137,247</u>    | <u>485,886</u>                | <u>4,433</u>                   | <u>16,907</u>                     | <u>644,473</u>    |
| Ending fund balance                  | \$ <u>123,154</u> | \$ <u>642,072</u>             | \$ <u>5,412</u>                | \$ <u>17,615</u>                  | \$ <u>788,253</u> |

COMBINING BALANCE SHEET-TRUST AND AGENCY FUNDS  
TOWNSHIP OF LAWRENCE  
March 31, 2008

|                                | <u>Trust &amp;<br/>Agency</u> | <u>Current<br/>Tax</u> | <u>Cemetery<br/>Trust</u> | <u>Total</u>     |
|--------------------------------|-------------------------------|------------------------|---------------------------|------------------|
| <b>Assets</b>                  |                               |                        |                           |                  |
| Cash and equivalents           | \$ <u>205</u>                 | \$ <u>14,864</u>       | \$ <u>17,045</u>          | \$ <u>32,114</u> |
| <b>Liabilities</b>             |                               |                        |                           |                  |
| Sign deposit                   | \$ 200                        |                        |                           | \$ 200           |
| Undistributed interest         |                               | \$ 7,071               |                           | 7,071            |
| Undistributed tax collections  | 5                             | 6,957                  |                           | 6,962            |
| Due to taxpayers               | <u>          </u>             | <u>836</u>             |                           | <u>836</u>       |
| Total liabilities              | 205                           | 14,864                 |                           | 15,069           |
| Expendable fund balance        |                               |                        | \$ 15,685                 | 15,685           |
| Non-expendable fund<br>balance | <u>          </u>             | <u>          </u>      | <u>1,360</u>              | <u>1,360</u>     |
|                                | \$ <u>205</u>                 | \$ <u>14,864</u>       | \$ <u>17,045</u>          | \$ <u>32,114</u> |

BALANCE SHEET  
GENERAL FUND  
TOWNSHIP OF LAWRENCE  
March 31

|   | <u>2008</u>        | <u>2007</u>        |
|---|--------------------|--------------------|
| <b>Assets</b>                           |                    |                    |
| Cash and equivalents                    | \$ 133,892         | \$ 164,552         |
| Taxes receivable                        | 7,880              | 7,880              |
| Due from State of Michigan              | <u>38,196</u>      | <u>38,196</u>      |
|   | \$ <u>179,968</u>  | \$ <u>210,628</u>  |
| <br><b>Liabilities and Fund Balance</b> |                    |                    |
| Accounts payable                        | \$ 4,023           | \$ 1,718           |
| Accrued interest payable                | <u>3,534</u>       | <u>3,741</u>       |
| Total liabilities                       | 7,557              | 5,459              |
| <br>Fund balance                        | <br><u>172,411</u> | <br><u>205,169</u> |
|   | \$ <u>179,968</u>  | \$ <u>210,628</u>  |

STATEMENT OF CHANGES IN FUND BALANCE  
Year ended March 31

|  |                       |                       |
|--|-----------------------|-----------------------|
| <b>Summary of revenues and expenditures</b>                                  |                       |                       |
| Revenues   | \$ 308,872            | \$ 295,674            |
| Expenditures   | <u>341,630</u>        | <u>362,748</u>        |
| Excess of revenues over expenditures   | (32,758)              | (67,074)              |
| <br>Other financing sources  |                       |                       |
| Bank borrowing   | <u>          </u>     | <u>70,000</u>         |
| <br>Excess of revenues and other sources<br>over expenditures and other uses | <br>(32,758)          | <br>2,926             |
| <br>Beginning fund balance   | <br><u>205,169</u>    | <br><u>202,243</u>    |
| <br>Ending fund balance  | <br>\$ <u>172,411</u> | <br>\$ <u>205,169</u> |

STATEMENT OF REVENUES  
GENERAL FUND  
TOWNSHIP OF LAWRENCE  
Year ended March 31

|                       | <u>2008</u>               |                   | Variance<br>Favorable<br>(Unfavorable) | <u>2007</u>       |
|-----------------------|---------------------------|-------------------|--|-------------------|
|                       | <u>Amended<br/>Budget</u> | <u>Actual</u>     |  |                   |
| Revenues              |                           |                   |  |                   |
| Property taxes        | \$ 61,400                 | \$ 63,668         | \$ 2,268                               | \$ 63,537         |
| Administrative fee    | <u>28,000</u>             | <u>36,163</u>     | <u>8,163</u>                           | <u>36,542</u>     |
|                       | 89,400                    | 99,831            | 10,431                                 | 100,079           |
| Licenses and permits  | 2,200                     | 5,600             | 3,400                                  | 3,348             |
| State revenue sharing | 135,000                   | 164,718           | 29,718                                 | 162,983           |
| Charges for services  |                           |                   |  |                   |
| Cemetery              | 10,000                    | 14,830            | 4,830                                  | 11,445            |
| Miscellaneous         | <u>          </u>         | <u>645</u>        | <u>645</u>                             | <u>          </u> |
|                       | 10,000                    | 15,475            | 5,475                                  | 11,445            |
| Miscellaneous         |                           |                   |  |                   |
| Interest              | 5,500                     | 7,837             | 2,337                                  | 6,169             |
| Sale of fixed assets  | 3,000                     | 3,551             | 551                                    |                   |
| Other                 | <u>6,850</u>              | <u>11,860</u>     | <u>5,010</u>                           | <u>11,650</u>     |
|                       | <u>15,350</u>             | <u>23,248</u>     | <u>7,898</u>                           | <u>17,819</u>     |
|                       | \$ <u>251,950</u>         | \$ <u>308,872</u> | \$ <u>56,922</u>                       | \$ <u>295,674</u> |

STATEMENT OF EXPENDITURES  
GENERAL FUND  
TOWNSHIP OF LAWRENCE  
Year ended March 31

|                         |                          | <u>2008</u>       |  |                   |
|-------------------------|--------------------------|-------------------|--|-------------------|
|                         | Amended<br><u>Budget</u> | <u>Actual</u>     | Variance<br>Favorable<br>(Unfavorable) | <u>2007</u>       |
| General government      |                          |                   |  |                   |
| Township Board          | \$ 56,300                | \$ 40,304         | \$ 15,996                              | \$ 33,721         |
| Supervisor              | 15,480                   | 14,824            | 656                                    | 13,429            |
| Township Secretary      | 39,910                   | 39,855            | 55                                     | 36,155            |
| Clerk                   | 21,800                   | 22,227            | (427)                                  | 21,790            |
| Board of Review         | 1,730                    | 1,373             | 357                                    | 1,751             |
|                         |                          |                   |  |                   |
| Treasurer               | 25,700                   | 23,320            | 2,380                                  | 21,292            |
| Assessing               | 35,085                   | 35,081            | 4                                      | 33,319            |
| Election                | 7,565                    | 7,563             | 2                                      | 7,416             |
| Township Hall           | 6,850                    | 6,814             | 36                                     | 6,458             |
| Fire Hall               | 18,000                   | 18,819            | (819)                                  | 15,720            |
| Cemetery                | <u>120,250</u>           | <u>115,886</u>    | <u>4,364</u>                           | <u>151,909</u>    |
|                         | 348,670                  | 326,066           | 22,604                                 | 342,960           |
|                         |                          |                   |  |                   |
| Drains                  |                          |                   |  | 11,277            |
| Planning                | 7,650                    | 6,230             | 1,420                                  | 5,333             |
| Zoning Board of Appeals | 3,750                    | 3,616             | 134                                    | 1,536             |
| Library                 | <u>5,720</u>             | <u>5,718</u>      | <u>2</u>                               | <u>1,642</u>      |
|                         | \$ <u>365,790</u>        | \$ <u>341,630</u> | \$ <u>24,160</u>                       | \$ <u>362,748</u> |



BALANCE SHEET  
EMERGENCY SERVICES FUND  
TOWNSHIP OF LAWRENCE  
March 31

|                                     | <u>2008</u>       | <u>2007</u>       |
|-------------------------------------|-------------------|-------------------|
| <b>Assets</b>                       |                   |                   |
| Cash and equivalents                | \$ 615,318        | \$ 468,092        |
| Taxes receivable                    | <u>38,285</u>     | <u>28,850</u>     |
|                                     | \$ <u>653,603</u> | \$ <u>496,942</u> |
| <br>                                |                   |                   |
| <b>Liabilities and Fund Balance</b> |                   |                   |
| Accounts payable                    | \$ 6,693          | \$ 6,218          |
| Accrued interest payable            | <u>4,838</u>      | <u>4,838</u>      |
| Total liabilities                   | 11,531            | 11,056            |
| Fund balance                        | <u>642,072</u>    | <u>485,886</u>    |
|                                     | \$ <u>653,603</u> | \$ <u>496,942</u> |

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
EMERGENCY SERVICES FUND  
TOWNSHIP OF LAWRENCE  
Year ended March 31

|                         |                  | <u>2008</u>       |  |                   |
|-------------------------|------------------|-------------------|--|-------------------|
|                         | <u>Budget</u>    | <u>Actual</u>     | Variance<br>Favorable<br>(Unfavorable) | <u>2007</u>       |
| Revenues                |                  |                   |  |                   |
| Property taxes          |                  |                   |  |                   |
| Operating               |                  | \$ 148,257        |  | \$ 149,666        |
| Truck                   |                  | 174,037           |  | 152,630           |
| Grants from other       |                  |                   |  |                   |
| FEMA                    |                  |                   |  | 1,934             |
| Township                |                  | 32,000            |  | 32,000            |
| Interest                |                  | 17,632            |  | 12,506            |
| Contributions           |                  | 4,223             |  | 5,218             |
| Other                   |                  | <u>9,442</u>      |  | <u>4,504</u>      |
|                         | \$ 341,837       | 385,591           | \$ 43,754                              | 358,458           |
| Expenditures            |                  |                   |  |                   |
| Labor and employee      |                  |                   |  |                   |
| benefits                |                  | 51,488            |  | 55,615            |
| Operating supplies      |                  | 6,117             |  | 14,208            |
| Training                |                  | 7,417             |  | 7,879             |
| Outside services        |                  | 5,853             |  | 3,445             |
| Communications          |                  | 4,761             |  | 2,435             |
| Insurance               |                  | 18,701            |  | 16,046            |
| Utilities               |                  | 8,818             |  | 6,996             |
| Repairs and maintenance |                  | 12,974            |  | 22,912            |
| Building additions and  |                  |                   |  |                   |
| improvements            |                  | 48,000            |  | 47,973            |
| Equipment               |                  | 52,363            |  | 57,798            |
| Interest expense        |                  | 7,781             |  | 875               |
| Miscellaneous           |                  | <u>5,132</u>      |  | <u>3,940</u>      |
|                         | <u>243,750</u>   | <u>229,405</u>    | <u>14,345</u>                          | <u>240,122</u>    |
| Excess of revenues over |                  |                   |  |                   |
| expenditures            | \$ <u>98,087</u> | 156,186           | \$ <u>58,099</u>                       | 118,336           |
| Beginning fund balance  |                  | <u>485,886</u>    |  | <u>367,550</u>    |
| Ending fund balance     |                  | \$ <u>642,072</u> |  | \$ <u>485,886</u> |

BALANCE SHEET  
LIBRARY CONSTRUCTION FUND  
TOWNSHIP OF LAWRENCE  
March 31

|   | <u>2008</u>      | <u>2007</u>      |
|---|------------------|------------------|
| <b>Assets</b>                           |                  |                  |
| Cash and equivalents                    | \$ 13,707        | \$ 1,113         |
| Taxes receivable                        | <u>3,859</u>     | <u>12,020</u>    |
|   | \$ <u>17,566</u> | \$ <u>13,133</u> |
| <br><b>Liabilities and Fund Balance</b> |                  |                  |
| Fund balance                            | \$ <u>17,566</u> | \$ <u>13,133</u> |

STATEMENT OF REVENUES AND EXPENDITURES  
Year ended March 31

|                                      | <u>2008</u>      | <u>2007</u>      |
|--------------------------------------|------------------|------------------|
| <b>Revenues</b>                      |                  |                  |
| Property taxes                       | \$ 32,632        | \$ 129,965       |
| Other                                | <u>1,571</u>     | <u>673</u>       |
|                                      | 34,203           | 130,638          |
| <b>Expenditures</b>                  |                  |                  |
| Principal payment                    | 28,483           | 132,000          |
| Interest                             | <u>1,287</u>     | <u>5,083</u>     |
|                                      | <u>29,770</u>    | <u>137,083</u>   |
| Excess of revenues over expenditures | 4,433            | (6,445)          |
| Beginning fund balance               | <u>13,133</u>    | <u>19,578</u>    |
| Ending fund balance                  | \$ <u>17,566</u> | \$ <u>13,133</u> |

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August 19, 2008

Members of the Township Board  
Township of Lawrence  
Van Buren County, Michigan

The audit work necessary to express an opinion on the financial statements of Township of Lawrence included a review of the Township's accounting procedures and the related internal controls. As a result of the review we offer comments and suggestions for your consideration.

The Township did not distribute tax collections on a timely basis.

Repeat of Prior Year Comments

Internal Controls

There is not adequate segregation of duties in the accounting function. However, because of lack of personnel, this situation is not unusual in small governmental units.

Unaudited Funds

We did not examine the internal funds of the Fire Department.

The above comments are submitted to you to develop good accounting practices and are not intended to reflect upon the performance of any Township official.

*Cutting & Cutting, P.C.*